

LBNL – PROCUREMENT STANDARD PRACTICES

Section: 11

Describing University of California Needs

Subject: 11.2

Discrepancy in Material Received

PURPOSE: This Standard Practice (SP) defines procedures for determining the disposition of material delivered to the Laboratory which is different from that ordered under the subcontract.

POLICY: The Laboratory will not accept and pay for any shipment that appears to be an overage, a duplicate shipment, incorrect material, or damaged material.

SCOPE: This SP applies to written subcontracts for supplies, except indefinite-delivery subcontracts.

DEFINITIONS:

Allowable Variation An allowable variation is a quantity that is more or less than the ordered quantity that results from industry-related practices such as shipments in random lengths, run-of-mill processes and other variances in a manufacturing process. For metals, this allowable variation is 25% of the quantity ordered per line item; for all other commodities, the allowable variation is 10% per line item.

Overage An overage is a quantity greater than the quantity ordered, plus the allowable variation.

PROCEDURES:

Identification of Discrepancy When a discrepancy is identified (during the receiving process or by the requester after delivery), the procurement specialist must be notified and the item(s) held for disposition.

To determine disposition of the shipment in question, the procurement file must be researched and appropriate personnel, such as the requester and the subcontractor, must be conferred with.

Allowable Variations For those commodities for which an allowable variation applies, the allowable variance(s) must be stated in the solicitation and resulting subcontract.

Overages **Up to \$250** — Overages retained should not constitute a material change to the scope of the subcontract. When the value of the overage is \$250 or less, the Laboratory may retain the excess quantity at no additional cost when the *Delivery of Excess Quantities* clause (FAR 52.211-17) is included in the subcontract.

Exceeding \$250 — When authorized by the requester, the Laboratory may retain overages exceeding \$250 per line item.

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The price of the overage must be negotiated with the subcontractor. To accept an overage, a modification to the subcontract must be processed to increase the quantity and total price of the line item. Receipt of the material and payment is delayed until the modification is processed. No modification is required to accept and pay for an allowable variation provided for by the subcontract.

Incorrect Material

The requester and subcontractor must be coordinated with to determine whether the incorrect material will be accepted or returned for replacement. If accepted, the subcontract must be modified to add the new item. If rejected, incorrect material will be returned at the subcontractor's expense.

Damaged Material

The Transportation Specialist must be contacted to determine responsibility for the damage and disposition of the material. The damaged material must be returned to the subcontractor for repair, replacement, or credit. The appropriate shipping document must be prepared and processed.

Rejection

To return material to a subcontractor, a shipping document must be initiated. Unless the Laboratory is responsible for ordering incorrect or damaging material, shipping costs should be borne by the subcontractor.

RESPONSIBILITIES:

Receiving

Receiving is responsible for:

- Identifying and segregating any shipment that appears to be an overage, a duplicate shipment, incorrect material, or damaged material;
- Contacting the procurement specialist for instructions on the disposition of the shipment; and
- Issuing and/or correcting all receiving documentation.

Procurement Specialist

The procurement specialist is responsible for:

- Coordinating disposition of discrepancies with receiving, the Transportation Specialist, the requester, and the subcontractor;
- Including the allowable variation in the solicitation and the subcontract; and
- When appropriate, modifying the subcontract.